

Opposition to HB 35

Loretta Miller

Owner Green Meadow Auto Salvage, Inc. since 1984\

President of the Montana Automobile Dismantlers and Recyclers
Association

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Reasons for opposing this legislation

All 56 counties all have junk vehicle programs in place that presently funded by the state junk vehicle program designed to meet the needs of that county.

This is a field of dreams program. "If we start the program, maybe somebody will come and use it."

It builds a complete new bureaucracy.

The proposed users are all government or non-profit programs in direct competition with Montana small businesses that pay taxes.

The funding source is not a constant.

Better use of that surplus would be to increase the payments to the towers for towing abandoned vehicles and increase the payouts to the counties.

The stated goal of the program is to reduce waste going to the landfills. There are already for profit businesses doing that.

Please vote no.

I am Loretta Miller. My husband and I own and operate Green Meadow Auto Salvage, Inc here in Helena. I am also the President of the Montana Automobile Dismantlers and Recyclers Association. I am proud to be a representative of the original green industry. Our industry has been recycling since the beginning of motor vehicles. I recently was told of a salvage yard that can trace its history back to about 1905. We are the biggest source of recycled steel in the United States. We also recycle oil, antifreeze, tires, copper, aluminum, mercury, palladium, rhodium, platinum and plastics. There is very little fluff when cars are recycled none of which ends up in the landfills of Montana. As an industry we are opposed to LC6001. I am here to tell you why and answer any questions you may have.

For many years, our state has had a premier junk vehicle program. We have served as a model program for many states. This program has been funded by vehicle fees, licensing fees and revenues from crushing junk vehicles gathered inside the program. The state program then has a formula that it uses to distribute that money to the counties. Each county is then allowed to develop a program based on the needs of its particular area. The programs in Billings and Great Falls are vastly different than those programs for Jordan and Dillon. But each county does have a program currently funded by the state.

The proposal adds a new program and with it a new bureaucracy. We already have the infrastructure in place to provide the service. The present program may need to be expanded to allow expansion of a county's program if the local area has a need. This is a field of dreams program. "If we start this program, maybe somebody will want to use it." I remember several years ago, some of the counties wanted the option to sell the cars that came into the county junkyards. There were rules put in place to allow those auctions. To date, not one of those auctions has happened. We are not sure that there is even a county that wants to expand its program. Why fund a program and build a bureaucracy with the hope that somebody will come, especially when we have a program already in place. What moneys support the bureaucracy?

Another problem with this program is the targeted users. There is a precedent in this state that the state should not compete with businesses. The loan provision in this program allows only not for profit entities to apply for these loans. It allows any non-profit organization, tribal government, university, or county to apply for these low interest loans. The businesses like mine that would like to expand our operations are not allowed to participate. The money that will subsidize these operations comes from those of us that are paying fees to the program and taxpayers. We have operations in the state that already recycle every part of cars. We have businesses that collect and recycle the used oil for recycling and reuse. There is presently at least one tire recycler in the state. There are people collecting and recycling catalytic converters. We have a program that buys steering racks and gears, axle shafts, wiper motors, and starters for rebuilding. If we expand our thoughts beyond just vehicle salvage, we also have industries

in this state that recycle cardboard, aluminum and steel cans, glass, newspapers, yard wastes, These people are all paying taxes and creating jobs in this state. And they are doing it without a state subsidy.

The proposed funding is from the present junk vehicle program. It seems that the program has a surplus in its account at this time. That surplus came from the bubble value of the scrap car bodies last summer. At the height of that bubble, crushed cars were being sold for as much as \$215.00 per ton, the highest in history. As of today, we are paying Pacific \$30.00 a ton to come in and crush our cars, because the value has fallen so far. We can not sell them at this time. Where will the junk vehicle program get the money to pay to crush cars, if the money is pulled from this program? Where the price will go in the near or far future is anybody's guess. The number of salvage yards that pay the fees to this program is also on the decrease. We used to have approximately 200 yards licensed in the state, that number in 2008 was 145.

As with your household budgets, the costs associated with the programs have increased. The junk vehicle program is responsible for paying towers in every community to remove abandoned vehicles from our roadways on request of the local law enforcement officers. The towers have been paid \$85.00 per car beginning in 2008. The costs for fuel, wages, equipment replacement and maintenance are escalating. The \$85.00 payment needs to be re-evaluated on a regular basis to reflect the actual cost of retrieving these vehicles. If the program doesn't adjust its payments to cover the true cost of towing these vehicles, we will be looking at fewer and fewer towing businesses that can afford to haul these vehicles. The vehicles will litter our roadways every where.

The county programs also have not seen an increase or change in the formula used to run their individual programs either. All the same costs that affect the towers and all the other businesses in this state affect them too. The excess money in the program would be better invested by increasing the payouts to those already involved with the program.

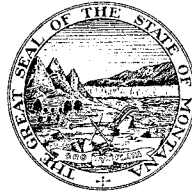
The proposed program has a stated goal of reducing the amount of solid wastes going to the landfills in the state of Montana. At this time there is no need for any part of the car to go the landfill. With all of the present recycling options, no vehicle owner should choose the landfill. Salvage yards state wide are buying and taking cars on a continuous basis. The scrap recyclers like Pacific Hide and Fur and A S Metals are paying for cars by the pound just like aluminum cans. The county programs are taking cars daily.

There is even a for profit business, MDU, that is developing natural gas wells in the Billings landfill. They are recycling the byproduct of our garbage.

For all these reasons, we are strongly opposed to the Recycling Program proposed by LC6001. We continue to be a very green industry that operates quietly as we have since the very beginning of motor vehicle history. There are some improvements that can be made to our model state program, but we do not need a new program.

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MEMORANDUM

To: Representative Dickenson
Representative Milburn, Chair
Members of the Natural Resources Committee

From: *[Signature]* David Ewer, Budget Director

Re: Opposition to HB 35, Revolving loan program to fund recycling
machinery and equipment

Date: January 12, 2009

Dear Representative Dickenson and members of the committee: Given budget constraints, I respectfully go on record as opposing HB 35 for fiscal reasons. My opposition is not based on any intrinsic merits of HB 35.

The Executive Budget currently has a structural surplus, however, unlike the 2007 Session, which had over \$80 million in projected revenues over the Administration's ongoing general fund expenditure proposals, the current budget is very tight. While the Administration insisted on a spending cap to preserve the structural surplus of \$80 million, the modification or rejections of some Administration proposals created substantial fiscal 'space' for other legislative priorities).

The Schweitzer Administration fully understands and respects the legislative process and a legislator's prerogative to achieve any legislation he or she so desires. Given that it is very early in the 2009 session and this bill's hearing date, it is certain that the legislature will take later action that will either free up or additionally constrain budget capacity. But again, the importance of maintaining a basic level of public safety, health, and education service levels require this opposition.

This letter is intended to benefit, not impede communications. I am eager for any feed back as to how we can maximize effective communications.